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DEPARTMENT FOR EUR (DICARLO), EUR/SCE  
(HOH/FOOKS/STINCHCOMB), PRM (OLSON)

E.O. 12958: N/A

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SUBJECT: BOSNIA - 2007 PROJECT PROPOSAL FOR PRM  
AMBASSADOR'S FUND FOR REFUGEES

REF: SECSTATE 27884

¶1. (U) This is an action request, see paragraphs 3 and 4.

¶2. (U) In response to PRM's announced renewal of the Ambassador's Fund for Refugees for the seventh year (ref), we have identified a critical gap in returnee assistance and protection for FY 07. Last year PRM provided funding for the electrification of ten homes in the eastern Republika Srpska returnee village of Glogova. The USG donation encouraged additional financing of the project by UNHCR, the local power company Elektroprireda and the municipality. Media coverage of the Ambassador's visit to implement the project was widespread and well-received. After consultations with local organizations assisting minority returns and through personal filed visits, we have identified the following project for FY 07 funding through the Ambassador's Fund for Refugees.

¶3. (U) Post requests \$10,000 in funding for the purchase of milking machines and sanitary milk pails for distribution among a cooperative of Serb returnees in Drvar Municipality. Drvar is located in what has traditionally been one of Bosnia's poorest areas, but has one of the highest percentages of post-war returns with more than 8000 Serbs now living in the municipality. However, the region's depressed economy threatens the sustainability of those who have returned, and the development of agriculture towards commercially-focused production has become one of the region's greatest opportunities for economic development. In 2005, members of the returnee agricultural cooperative "Drvar" received cattle from the International Orthodox Christian Charities (IOCC) aid agency under a USDA-funded program. In March 2007, after increasing the size of their herds, the cooperative began a milk collection program with one of Bosnia's largest dairies, "Meggle." Although the collection is going well, the milk is being slowly and laboriously collected by hand and the cooperative worries the dairy will lose interest if farmers cannot produce the expected quantity and quality of milk.

¶4. (U) The distribution of milking machines and proper milk pails to 20 members of the cooperative will enable the farmers to increase milk collection by almost 600 percent and will directly assist more than 150 members of the community. With a grant of \$10,000, each individual beneficiary will receive one milking machine and two 20-liter milk pails. The milking machines will help to reduce the labor intensity of daily milking, indirectly encouraging farmers to expand their capacity and invest in their post-war return. The milk pails will help to ensure the quality and sanitary handling of the milk as the buyer requires, providing the buyer with greater confidence in the farmers and possibly leading to a stronger contractual commitment. These two mutually reinforcing elements should indirectly influence farmers to increase

their herds which will lead to rise in their cash income, thus promoting an air of greater permanency to their returns.

IOCC would match our donation with resources available through an ongoing USDA-funded agricultural development project, doubling the number of beneficiaries reached through this donation.

15. (U) If approved, Post will implement and manage project funds and will ensure appropriate monitoring and follow-up. Post will arrange for media coverage to promote the implementation of the fund and will use the occasion to highlight our support of minority returns in Bosnia and Herzegovina.

MCELHANEY